SERFF Tracking Number: ARKS-125427411 State: Arkansas

First Filing Company: 12904 - Tokio Marine & Nichido Fire Insurance State Tracking Number: #26403 \$100

Co., Ltd., ...

Company Tracking Number: 08-AR-4-GL-40-9

TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess

Product Name: Liability

Project Name/Number: /

### Filing at a Glance

Companies: 12904 - Tokio Marine & Nichido Fire Insurance Co., Ltd., 32301 - TNUS Insurance Company

Product Name: Liability SERFF Tr Num: ARKS-125427411 State: Arkansas

TOI: 17.0 Other Liability - Claims SERFF Status: Closed State Tr Num: #26403 \$100

Made/Occurrence

Excess

Sub-TOI: 17.0020 Commercial Umbrella & Co Tr Num: 08-AR-4-GL-40-9 State Status: Fees verified and

received

Filing Type: Rate/Rule Co Status: Reviewer(s): Betty Montesi, Edith

Roberts, Brittany Yielding

Author: Disposition Date: 02/14/2008

Date Submitted: 01/11/2008 Disposition Status: Filed

Effective Date Requested (New):

Effective Date Requested (Renewal):

Effective Date (Renewal):

State Filing Description:

#### **General Information**

Project Name: Status of Filing in Domicile:
Project Number: Domicile Status Comments:

Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:

Filing Status Changed: 02/14/2008 State Status Changed: 02/14/2008

State Status Changed: 02/14/2008 Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

### **Company and Contact**

**Filing Contact Information** 

NA NA, NA@NA.com

SERFF Tracking Number: ARKS-125427411 State: Arkansas

First Filing Company: 12904 - Tokio Marine & Nichido Fire Insurance State Tracking Number: #26403 \$100

Co., Ltd., ...

Company Tracking Number: 08-AR-4-GL-40-9

TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess

Product Name: Liability

Project Name/Number: /

NA (123) 555-4567 [Phone]

NA, AR 00000

**Filing Company Information** 

12904 - Tokio Marine & Nichido Fire Insurance CoCode: 12904 State of Domicile: Arkansas

Co., Ltd.

No Address Group Code: Company Type:
City, AR 99999 Group Name: State ID Number:

(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999

-----

32301 - TNUS Insurance Company CoCode: 32301 State of Domicile: Arkansas

No Address Group Code: Company Type: City, AR 99999 Group Name: State ID Number:

(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999

-----

SERFF Tracking Number: ARKS-125427411 State: Arkansas

First Filing Company: 12904 - Tokio Marine & Nichido Fire Insurance State Tracking Number: #26403 \$100

Co., Ltd., ...

Company Tracking Number: 08-AR-4-GL-40-9

TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess

Product Name: Liability

Project Name/Number: /

### **Filing Fees**

Fee Required? No Retaliatory? No

Fee Explanation:

Per Company: No

SERFF Tracking Number: ARKS-125427411 State: Arkansas

First Filing Company: 12904 - Tokio Marine & Nichido Fire Insurance State Tracking Number: #26403 \$100

First Filing Company: 12904 - Tokio Man
Co., Ltd., ...

Company Tracking Number: 08-AR-4-GL-40-9

TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess

Product Name: Liability

Project Name/Number:

## **Correspondence Summary**

### **Dispositions**

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	02/14/2008	02/14/2008

SERFF Tracking Number: ARKS-125427411 State: Arkansas

First Filing Company: 12904 - Tokio Marine & Nichido Fire Insurance State Tracking Number: #26403 \$100

Co., Ltd., ...

Company Tracking Number: 08-AR-4-GL-40-9

TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess

Product Name: Liability

Project Name/Number: /

### **Disposition**

Disposition Date: 02/14/2008

Effective Date (New): Effective Date (Renewal):

Status: Filed Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing 0.000%

Overall Percentage Rate Impact For This Filing 0.000%

Effect of Rate Filing-Written Premium Change For This Program \$0

Effect of Rate Filing - Number of Policyholders Affected 0

SERFF Tracking Number: ARKS-125427411 State: Arkansas

First Filing Company: 12904 - Tokio Marine & Nichido Fire Insurance State Tracking Number: #26403 \$100

Co., Ltd., ...

Company Tracking Number: 08-AR-4-GL-40-9

TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess

Product Name: Liability

Project Name/Number: /

Item Type Item Name Item Status Public Access

Supporting Document ARKS-125427411 No

SERFF Tracking Number: ARKS-125427411 State: Arkansas #26403 \$100

First Filing Company: 12904 - Tokio Marine & Nichido Fire Insurance State Tracking Number:

Co., Ltd., ...

Company Tracking Number: 08-AR-4-GL-40-9

TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess

Product Name: Liability

Project Name/Number:

### **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125427411 Arkansas State: #26403 \$100

First Filing Company: 12904 - Tokio Marine & Nichido Fire Insurance State Tracking Number:

 $Co.,\,Ltd.,\,...$ 

Company Tracking Number: 08-AR-4-GL-40-9

TOI: 17.0020 Commercial Umbrella & Excess 17.0 Other Liability - Claims Made/Occurrence Sub-TOI:

Product Name: Liability

Project Name/Number:

### **Supporting Document Schedules**

**Review Status:** 

ARKS-125427411 Satisfied -Name: 02/14/2008

Comments:

**Attachments:** 

ARKS-125427411 1.pdf

ARKS-125427411 2.pdf ARKS-125427411 3.pdf

ARKS-125427411 4.pdf

INFORMATIONAL FILING Pursuant to Act 458 of 1999

Commercial Lines Rate Deregulation PROPERTY AND CASUALTY

ARKANSAS INSURANCE DEPT.

#### **Edith Roberts**

From:

**Edith Roberts** 

Sent:

Tuesday, February 12, 2008 4:26 PM

To:

'Wes Pohler'

Cc:

'JenB@westmontlaw.com'; 'Meghan Slenkamp'; 'fred.miles@tokiom.com'

Subject: RE: FW: 08-AR-3-GL-39-9 Forms and 08-AR-GL-40-9 Rates/Rules

Dear Mr. Pohler:

Yes, you are correct ... and I agree with you. At the time of review I was erroneous in grouping the underlying and commercial excess as exempt from filing and I was thinking I had no way of knowing if the underlying coverage contained the proper language. However, it is a new day and I realize the underlying is not exempt from filing and would be filed for prior approval.

Therefore, since there is no conflicting language in the excess forms, and as these forms are "exempt from filing but must comply with all applicable code" (AR Code 23-79-109), I am going to approve. Please disregard my email of Feb 7 and the filing will be stamped as of date of receipt (Jan 10).

Thanks and have a great day. Edith

From: Wes Pohler [mailto:Wes@westmontlaw.com]

Sent: Sunday, February 10, 2008 7:34 PM

To: Edith Roberts

Cc: Jennifer Waldron; Sherri Penn; Meghan Slenkamp; fred.miles@tokiom.com Subject: FW: FW: 08-AR-3-GL-39-9 Forms and 08-AR-GL-40-9 Rates/Rules

Ms. Roberts,

Good evening.

Thanks again for all of your help.

We are in receipt of your correspondence dated February 7, 2008 regarding the Companies' Commercial Excess Liability submission.

We hereby offer the following reply:

Please be advised that the revisions you have requested can not be made because they are geared towards a primary (underlying) policy. The Companies are seeking approval of an excess follow form policy that follows the terms and conditions of the underlying policy. As such, the revisions requested in the state's email below will be the same requirements for the primary (underlying) policy. Because the Companies follow the terms and conditions of the underlying policy, such requirements will apply to their policy as well. In other words, the Companies do need to revise its policy if the underlying form is in compliance with state requirements. In situations where the Companies use its excess policy over its own or another carriers' primary (underlying) policy, such primary policy must comply with state regulation enumerated below. The Companies' excess liability policy is follow form thereby requiring an underlying policy which outlines how coverage applies. Without an underlying policy, the Companies' policy has no terms and conditions that provide coverage.

If you have any additional questions or concerns, we hereby request the opportunity to reply.

Best regards,

Wes

#### **Edith Roberts**

Pare 12015

To:

Wes Pohler

Subject: 08-AR-3-GL-39-9 Forms and 08-AR-GL-40-9 Rates/Rules

Tokko-Marine & Nichido Yus Ino 6 200

RE: 08-AR-3-GL-39-9 Forms and 08-AR-GL-40-9 Rates/Rules

Commercial Excess Liability Program - New

#### Dear Wes:

With reference to the above captioned filing #08-AR-3-GL-39-9 Forms, please refer to the Claims Made Extended Reporting Period provisions of these forms. Pursuant to AR Code this provision must provide a mandatory, free of charge 60 day basic Extended Reporting Period and must be put into effect upon termination of the policy by the insurer or the insured, for any reason, including non-payment of premium (AR Code Anno. §23-69-306 (2).

At the end of the basic ERP, the Optional Extended Reporting shall be placed into effect if requested and paid for by the insured ss(3).

With reference to filing #08-AR-GL-40-9 Rates/Rules page 16 and 17 of corresponding rule 37, this rule also must track with this requirement.

Should you have any questions, please feel free to contact me at any of the listings below.

Sincerely,
Edith Roberts
edith.roberts@arkansas.gov
Property & Casualty Compliance
Arkansas Insurance Department
3rd and Cross Streets
Little Rock, AR 72201
fax 501-371-2748
office 501-371-2808



C/H726403 \$ 100 ARNS-1254727411 ER

January 9, 2008

The Honorable Julie Benafield-Bowman Commissioner of Insurance Arkansas Insurance Department 1200 West 3rd Street Little Rock, AR 72201-1904

Attn: Property and Casualty Division



PROPERTY AND CASUALTY DIVISION ARKANSAS INSURANCE DEPARTMENT

RE

Tokio Marine and Nichido Fire Insurance Co., LTD (U.S. Branch)

**TNUS Insurance Company** 

NAIC #3098-12904/FEIN #13-6108722 NAIC #3098-41238/FEIN #20-0940754

Commercial Excess Liability Program

New Program – Rates and Rules Company Filing Number: 08-AR-4-GL-40-9

Company rining Number: 08-AR-4-GL

Effective Date: April 1, 2008

Dear Commissioner Benafield-Bowman:

The captioned companies are filing for your approval their Commercial Excess Liability New Program submission. Please be advised that this is a new program for the Company and does not replace any previously filed forms, rates, or rules. A letter permitting Westmont Associates, Inc. to submit this filing on the companies' behalf is enclosed.

The companies are introducing their Commercial Excess Liability program in your jurisdiction and countrywide. Please refer to the attached explanatory memoranda for additional information. In addition, please find attached the companies' Commercial Excess rates and rules for your review and approval.

Please note that the forms associated with this filing have been filed under a separate cover letter as filing number 08-AR-3-GL-39-9.

We hereby respectfully request an effective date of April 1, 2008 for this submission. If at all possible, please stamp your approval and/or acknowledgement with this date.

Your early approval of this submission is respectfully requested. Enclosed please find a self-addressed stamped envelope for your convenience in returning the duplicate copy of this filing, evidencing your approval.

Respectfully Submitted,

Wesley Pohler Assistant Vice-President wes@westmontlaw.com

Enclosures

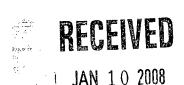
Cc:

F. Miles

P. Olson

19 16 4 17 of Corresponding rule 37 must also track both this requirement.





PROPERTY AND CASUALTY DIVISION ARKANSAS INSURANCE DEPARTMENT

Tokio Marine Management, Inc.
U.S. Manager and/or Manager for
Tokio Marine & Nichido Fire
Insurance Co., Ltd. (U.S. Branch)
Trans Pacific Insurance Company
TM Casualty Insurance Company
TNUS Insurance Company

230 Park Avenue New York, New York 10169 Phone: (212) 297-6600 Main Fax: (212) 297-6062 Clairns Fax: (212) 297-6064

MILLEA GROUP

Re: Tokio Marine & Nichido Fire Insurance Co., Ltd. (U.S. Branch)

NAIC # 3098-12904 FEIN # 13-6108722 Letter of Authorization Filing of Forms, Rates, and Rules

In accordance with applicable statutes and regulations of your state, Nancy Stepanski, Wesley Pohler, Jennifer Waldron, and Westmont Associates, Inc. are hereby authorized to file rates, rules, and forms on behalf of the Company.

Sincerely,

Pamela J. Olson

Vice President - Corporate Underwriting



Tokio Marine Management, Inc.
U.S. Manager and/or Manager for
Tokio Marine & Nichido Fire
Insurance Co., Ltd. (U.S. Branch)
Trans Pacific Insurance Company
TM Casualty Insurance Company
TNUS Insurance Company

230 Park Avenue New York, New York 10169 Phone: (212) 297-6600 Main Fax: (212) 297-6062 Claims Fax: (212) 297-6064

MILLEA GROUP

## RECEIVED

JAN 10 2008

PROPERTY AND CASUALTY DIVISION ARKANSAS INSURANCE DEPARTMENT

Re: TNUS Insurance Company
NAIC # 3098-41238
FEIN # 20-0940754
Letter of Authorization
Filing of Forms, Rates, and Rules

In accordance with applicable statutes and regulations of your state, Nancy Stepanski, Wesley Pohler, Jennifer Waldron, and Wesley Associates, Inc. are hereby authorized to file rates, rules, and forms on behalf of the Company.

Sincerely,

Pamela J. Olson

Vice President - Corporate Underwriting

## Property & Casualty Transmittal Document (Revised 1/1/06)

AR										
1. R	eserved for Insurance Dept. Use	2. Insur	rance	Departmen	t Use (	Only	· · · · · · · · · · · · · · · · · · ·			
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	Wesley Pohler	AVP	a	856) 216-02	220	(856) 2	216-0303	wes@	westmontlaw.	com
	25 Chestnut Stree, Suite 105,								· · · · · · · · · · · · · · · · · · ·	
	Haddonfield, NJ 08033									
7.	Signature of authorized filer		Interland W				1			
8.	Please print name of authoriz	ed filer	V	Vesley Pohl		-		·		Т
Filir	ng information (see General In	structions			₩	asa fia	alde)			
· 9.	Type of Insurance (TOI),	300000113						7.0 - Ot	her Liability	
10.	Sub-Type of Insurance (Sub-TOI	)	17.0020 - Umbrella and Excess (Commercial)							
11.	State Specific Product code	(s) (if	,							
12.	applicable) [See State Specific Re		n/a Comr	nercial Eva	ecc I in	hilita D	rogram			
13.				Commercial Excess Liability Program  Rate/Loss Cost Rules Rates/Rules						
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## Property & Casualty Transmittal Document ---

20.	This filing transmittal is part of Company Tracking # 08-AR-4-GL-40-9
20.	This filling transmittar is part of Company Tracking #   Do-AR-4-OL-40-9
21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text
•	
,	Submission of the Company's Commercial Excess Liability product - New Program
22.	Filing Fees (Filer must provide check # and fee amount if applicable)
	[if a state requires you to show how you calculated your filing fees, place that calculation below]
	neck #: 26403
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	r to each state's checklist for additional state specific requirements or instructions on ulating fees.
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	fer to the each state's checklist for additional state specific requirements (i.e. # of additional copies
requi	red, other state specific forms, etc.)

PC TD-1 pg 2 of 2

## RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

١.	. This filing transmittal is part of Company Tracking # 08-AR-4-GL-40-9							
Γ	This filing corresponds to form filing number							
2.	(Company tracking number of form filing, if applicable) 08-AR-3-GL-39-9							
							<u> </u>	
	☐ Rate Increase ☐ Rate Decrease ☐ Rate Neutral (0%)							
3.	3. Filing Method Prior Approval, File & Use, Flex Band, etc. File and Use							
4a.			Rate Cl	nange by Compa	ny (As Prop	osed)		
	mpany	Overall %	Written	# of	Written	Maximum	Minimum	
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Explanatory Memorandum - Rates

#### **ABOUT THIS FILING**

We have developed new rates, rules and forms in support of introducing our new Excess Liability Policy.

This portion of the filing relates to **rates**.

#### **RELATED FILING:**

- Excess Liability Policy Rules Filing.
- Excess Liability Policy Forms Filing.

#### **ATTACHMENT(S)**

- The Excess Liability Policy Rate Filing includes the State Exception Pages, which contain the rates.
- The Excess Liability Policy Rules Filing includes a version of the Multistate Manual.
- The Excess Liability Policy Forms Filing includes all new policies and endorsements.

#### **EXPLANATION**

Our proposed Excess Rating Factors in Rule 31 are derived from reducing our current approved Umbrella Rating Factors by 5%. Actuarial exhibits are attached which provide details and support on this approach. We are using the same support data used in a prior filing this year for our umbrella product. The underlying data reflect both umbrella and excess type products.

Listed below is an edited version of Rule 31. (Determining The Excess Liability Rating Factor) from the State Exception Pages, which contains the proposed excess liability factors.

Explanatory Memorandum - Rates

### 31. DETERMINING THE EXCESS RATING FACTOR

The following is added to Paragraph A.2.:

a. Premises / Operations Liability: Excess Liability Rating Factors:

Excess Limit	\$ 1,000,000 per occurrence /				00 per occ	urrence /
	\$1,000,00	0 aggregate	e	\$2,000,000 aggregate		
	Table 1	Table 2	Table 3	Table 1	Table 2	Table 3
\$ 1 M	0.095	0.143	0.219	0.095	0.143	0.219
\$ 2 M	0.162	0.257	0.399	0.162	0.257	0.390
\$ 3 M	0.209	0.352	0.561	0.209	0.352	0.551
\$ 4 M	0.257	0.437	0.713	0.257	0.437	0.713
\$ 5 M	0.304	0.523	0.865	0.304	0.513	0.855
\$ 6 M	0.342	0.599	1.007	0.342	0.589	1.002
\$ 7 M	0.380	0.675	1.159	0.380	0.665	1.150
\$ 8 M	0.415	0.748	1.302	0.415	0.738	1.295
\$ 9 M	0.449	0.820	1.444	0.449	0.810	1.441
\$10 M	0.485	0.893	1.587	0.485	0.884	1.587
\$11 M	0.512	0.961	1.724	0.512	0.951	1.680
\$12 M	0.536	1.026	1.858	0.536	1.015	1.797
\$13 M	0.556	1.087	1.988	0.556	1.074	1.910
\$14 M	0.572	1.144	2.115	0.572	1.131	2.018
\$15 M	0.584	1.197	2.237	0.584	1.183	2.119
\$16 M	0.593	1.246	2.356	0.593	1.235	2.214
\$17 M	0.598	1.292	2.470	0.598	1.283	2.309
\$18 M	0.601	1.330	2.584	0.601	1.330	2.404
\$19 M	0.605	1.378	2.689	0.605	1.378	2.499
\$20 M	0.607	1.425	2.793	0.607	1.425	2.594
\$21 M	0.609	1.473	2.888	0.609	1.473	2.689
\$22 M	0.611	1.520	2.983	0.611	1.520	2.784
\$23 M	0.613	1.568	3.078	0.613	1.568	2.879
\$24 M	0.615	1.615	3.173	0.615	1.615	2.974
\$25 M	0.618	1.663	3.259	0.618	1.658	3.069

Explanatory Memorandum – Rates

b. Products / Completed Operations Liability: Excess Liability Rating Factors:

Excess Limit	\$ 1,000,0	\$ 1,000,000 per occurrence /			00 per occ	urrence /
	\$1,000,00	0 aggregate	e	\$2,000,000 aggregate		
	Table A	Table B	Table C	Table A	Table B	Table C
\$ 1 M	0.124	0.143	0.190	0.124	0.143	0.181
\$ 2 M	0.219	0.247	0.323	0.209	0.247	0.314
\$ 3 M	0.295	0.342	0.437	0.295	0.342	0.428
\$ 4 M	0.371	0.428	0.551	0.371	0.418	0.532
\$ 5 M	0.437	0.504	0.656	0.437	0.504	. 0.627
\$ 6 M	0.504	0.575	0.751	0.504	0.575	0.722
\$ 7 M	0.570	0.646	0.846	0.570	0.646	0.817
\$ 8 M	0.634	0.713	0.938	0.634	0.691	0.909
\$ 9 M	0.696	0.779	1.029	0.696	0.734	1.000
\$10 M	0.760	0.846	1.121	0.760	0.779	1.093
\$ 11M	0.822	0.909	1.212	0.822	0.836	1.188
\$12 M	0.881	0.969	1.300	0.881	0.884	1.283
\$13 M	0.941	1.025	1.383	0.941	0.945	1.373
\$14 M	0.998	1.077	1.463	0.998	1.007	1.435
\$15 M	1.055	1.126	1.539	1.055	1.069	1.501
\$16 M	1.112	1.169	1.615	1.112	1.121	1.587
\$17 M	1.169	1.216	1.691	1.169	1.188	1.653
\$18 M	1.226	1.254	1.758	1.226	1.235	1.720
\$19 M	1.283	1.292	1.824	1.283	1.302	1.786
\$20 M	1.340	1.349	1.872	1.340	1.359	1.834
\$21 M	1.397	1.406	1.948	1.397	1.416	1.900
\$22 M	1.454	1.463	1.995	1.454	1.473	1.948
\$23 M	1.511	1.520	2.043	1.511	1.530	1.995
\$24 M	1.568	1.577	2.090	1.568	1.587	2.043
\$25 M	1.625	1.634	2.138	1.625	1.644	2.090

Explanatory Memorandum - Rates

Automobile Liab	oility: Excess Liability					
Umbrella Limit	\$ 1,000,000 per accident					
	Compulsory	(No Compulsory				
	No-Fault Laws	No-Fault Laws)				
\$ 1 M	0.162	0.105				
\$ 2 M	0.276	0.171				
\$ 3 M	0.371	0.228				
\$ 4 M	0.456	0.276				
\$ 5 M	0.532	0.314				
\$ 6 M	0.599	0.356				
\$ 7 M	0.665	0.399				
\$ 8 M	0.729	0.430				
\$ 9 M	0.791	0.463				
\$10 M	0.855	0.494				
\$11 M	0.922	0.523				
\$12 M	1.009	0.551				
\$13 M	1.064	0.581				
\$14 M	1.123	0.613				
\$15 M	1.178	0.651				
\$16 M	1.216	0.689				
\$17 M	1.245	0.728				
\$18 M	1.312	0.767				
\$19 M	1.379	0.774				
\$20 M	1.447	0.794				
\$21 M	1.505	0.815				
\$22 M	1.572	0.845				
\$23 M	1.640	0.882				
\$24 M	1.700	0.908				
\$25 M	1.729	0.941				

Explanatory Memorandum - Rules

#### **ABOUT THIS FILING**

We have developed new rates, rules and forms in support of introducing our new Excess Liability Policy.

This portion of the filing relates to rules.

#### **RELATED FILING:**

- Excess Liability Policy Rates Filing.
- Excess Liability Policy Forms Filing.

#### <u>ATTACHMENT(S)</u>

- The Excess Liability Rate Filing includes the State Exception Pages, which contain the rates.
- The Excess Liability Rules Filing includes the Multi-state Manual.
- The Excess Liability Forms Filing all new policies endorsements.

#### **SPECIAL NOTE:**

This following INTERLINE forms shown below and included in the attached Excess Liability Manual, have been filed for approval in this state in a separate filing

#### IL9 05 004 Schedule Of Named Insureds

Because our policy is follow form, this endorsement will be used on an exception basis and/or to support limited space in the named insured section of the Declaration Page.

#### IL9 05 008 Schedule Of Locations

Because our policy is follow form, this endorsement will be used on an exception basis only to designate which locations are covered.

#### IL9 12 003 Policy Changes Endorsement

This endorsement provides underwriting discretion to make certain changes to the policy as indicated in the endorsement.

Explanatory Memorandum - Rates

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We have developed new rates, rules and forms in support of introducing our new Excess Liability Policy.

This portion of the filing relates to rates.

#### **RELATED FILING:**

- Excess Liability Policy Rules Filing.
- Excess Liability Policy Forms Filing.

#### ATTACHMENT(S)

- The Excess Liability Policy Rate Filing includes the State Exception Pages, which contain the rates.
- The Excess Liability Policy Rules Filing includes a version of the Multistate Manual.
- The Excess Liability Policy Forms Filing includes all new policies and endorsements.

#### **EXPLANATION**

Our proposed Excess Rating Factors in Rule 31 are derived from reducing our current approved Umbrella Rating Factors by 5%. An Actuarial Exhibit is attached which provides details and support on this approach. We are using the same support data used in a prior filing this year for our umbrella product. The underlying data reflect both umbrella and excess type products.

Listed below is an edited version of Rule 31. (Determining The Excess Liability Rating Factor) from the State Exception Pages, which contains the proposed excess liability factors.

Explanatory Memorandum - Rates

### 31. DETERMINING THE EXCESS RATING FACTOR

The following is added to Paragraph A.2.:

a. Premises / Operations Liability: Excess Liability Rating Factors:

Excess Limit	\$ 1,000,000 per occurrence /				00 per occ	urrence /
	\$1,000,00	0 aggregate	e	\$2,000,000 aggregate		
	Table 1	Table 2	Table 3	Table 1	Table 2	Table 3
\$ 1 M	0.095	0.143	0.219	0.095	0.143	0.219
\$ 2 M	0.162	0.257	0.399	0.162	0.257	0.390
\$ 3 M	0.209	0.352	0.561	0.209	0.352	0.551
\$ 4 M	0.257	0.437	0.713	0.257	0.437	0.713
\$ 5 M	0.304	0.523	0.865	0.304	0.513	0.855
\$ 6 M	0.342	0.599	1.007	0.342	0.589	1.002
\$ 7 M	0.380	0.675	1.159	0.380	0.665	1.150
\$ 8 M	0.415	0.748	1.302	0.415	0.738	1.295
\$ 9 M	0.449	0.820	1.444	0.449	0.810	1.441
\$10 M	0.485	0.893	1.587	0.485	0.884	1.587
\$11 M	0.512	0.961	1.724	0.512	0.951	1.680
\$12 M	0.536	1.026	1.858	0.536	1.015	1.797
\$13 M	0.556	1.087	1.988	0.556	1.074	1.910
\$14 M	0.572	1.144	2.115	0.572	1.131	2.018
\$15 M	0.584	1.197	2.237	0.584	1.183	2.119
\$16 M	0.593	1.246	2.356	0.593	1.235	2.214
\$17 M	0.598	1.292	2.470	0.598	1.283	2.309
\$18 M	0.601	1:330	2.584	0.601	1.330	2.404
\$19 M	0.605	1.378	2.689	0.605	1.378	2.499
\$20 M	0.607	1.425	2.793	0.607	1.425	2.594
\$21 M	0.609	1.473	2.888	0.609	1.473	2.689
\$22 M	0.611	1.520	2.983	0.611	1.520	2.784
\$23 M	0.613	1.568	3.078	0.613	1.568	2.879
\$24 M	0.615	1.615	3.173	0.615	1.615	2.974
\$25 M	0.618	1.663	3.259	0.618	1.658	3.069

Explanatory Memorandum - Rates

b. Products / Completed Operations Liability: Excess Liability Rating Factors:

Excess Limit		00 per occ	<u> </u>		00 per occ	
		0 aggregate		\$2,000,000 aggregate		
	Table A	Table B	Table C	Table A	Table B	Table C
\$ 1 M	0.124	0.143	0.190	0.124	0.143	0.181
\$ 2 M	0.219	0.247	0.323	0.209	0.247	0.314
\$ 3 M	0.295	0.342	0.437	0.295	0.342	0.428
\$.4 M	0.371	0.428	0.551	0.371	0.418	0.532
\$ 5 M	0.437	0.504	0.656	0.437	0.504	0.627
\$ 6 M	0.504	0.575	0.751	0.504	0.575	0.722
\$ 7 M	0.570	0.646	0.846	0.570	0.646	0.817
\$ 8 M	0.634	0.713	0.938	0.634	0.691	0.909
\$ 9 M	0.696	0.779	1.029	0.696	0.734	1.000
\$10 M	0.760	0.846	1.121	0.760	0.779	1.093
\$ 11M	0.822	0.909	. 1.212	0.822	0.836	1.188
\$12 M	0.881	0.969	1.300	0.881	0.884	1.283
\$13 M	0.941	1.025	1.383	0.941	0.945	1.373
\$14 M	0.998	1.077	1.463	0.998	1.007	1.435
\$15 M	1.055	1.126	1.539	1.055	1.069	1.501
\$16 M	1.112	1.169	1.615	1.112	1.121	1.587
\$17 M	1.169	1.216	1.691	1.169	1.188	1.653
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Explanatory Memorandum – Rules

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#### **RELATED FILING:**

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- Excess Liability Policy Forms Filing.

#### ATTACHMENT(S)

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#### **IL9 12 003** Policy Changes Endorsement

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## TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD. (U.S. BRANCH) TNUS INSURANCE COMPANY

#### ACTUARIAL RATE FILING MEMORANDUM

#### Commercial Umbrella Rating Plan

The submitted filing pertains to Commercial Umbrella coverage provided to our insureds and which is almost exclusively written as coverage above our own primary layer policies as opposed to primary layer policies of other insurance carriers. Our umbrella policies can provide coverage for claims arising from premises/operations exposures, products/completed operations exposures, as well as commercial auto liability exposures. We are filing to maintain our filed rating factors by layer of umbrella coverage and minimum premiums by layer.

As part of the filing package, we have included an actuarial analysis of our historical umbrella experience on a countrywide basis, for accident years 1998 through 2006. Our actuarial analysis has adjusted all historical earned premiums for expected strengthening in rate adequacy over time due to inflationary increases in the sales exposure base used by the majority of our general liability policyholders. No adjustments for filed rate level changes were needed since our currently filed factors have not changed in more than six years. The analysis also develops to ultimate and trends historical losses for each year to the average accident date corresponding to the upcoming policy issuance period. All data for the analysis comes from exposures written by Tokio Marine & Nichido Fire Insurance Co., Ltd. (U.S. Branch) (abbreviated TMNF).

The analysis demonstrates that while we experienced extremely adverse results for two prior accident years (i.e., 1999 and 2003), our latest experience appears to be much more consistent with the permissible loss and ALAE ratio for this coverage. A reevaluation of some underwriting practices within the company as well as an improvement in loss experience for the entire industry after the late 1990's explains much of this improvement. The on-level results for the latest five accident years (weighted with progressively increasing weights from the latest year to the earliest year) are lower than the permissible ratio and support a rate decrease of -7.4% prior to the application of a credibility formula.

In the credibility formula shown on the rate analysis, we applied the complement of credibility to the current permissible loss and ALAE ratio for the program. This step has the effect of depressing the indicated rate decrease from -7.4% to +1.0%. We reviewed that indication with our underwriting department and determined that notwithstanding the results of the mechanical credibility formula, we feel comfortable relying upon the rate indication of our analysis prior to the application of that credibility formula as the best predictor of what umbrella pricing adjustment should occur. However, due to the miniscule premium effect of this change, and the costs associated with modifying our factor profile, it is preferred to keep the status quo and continue to monitor the profitability of this business on a regular basis. We therefore are requesting the Department's permission to apply the 0.0% rate change to all of our rating factors and minimum premiums for all policies incepting on or after August 1, 2007.

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Rule 36 Optional Endorsements

Rule 37 Extended Reporting Period

#### 01. EXCESS LIABILITY POLICY OVERVIEW:

Our Commercial Excess Liability Policy occurrence version is comprised of six sections (claims made has seven section by adding the Extended Reporting Period), which are listed below.

These policies will follow the provisions of the controlling underlying insurance identified in the Declarations Page or Schedule of Underlying Insurance.

Controlling underlying insurance is defined as the policy of insurance listed in the Declarations under the Schedule of controlling underlying insurance.

This approach will provide underwriters with the flexibility to accommodate situations when the excess policy is written immediately over an underlying primary policy or a "high excess" policy that follows the provisions of a Commercial Liability Umbrella policy.

- Insuring Agreement: Our two Excess Liability policies cover injury, or damage. The
  coverage trigger is either 'per occurrence' or claims made. Coverage applies on a 'pay
  on behalf of' basis. The policy provides excess coverage but no drop down coverage.
  Both coverages are subject to the terms and conditions of the controlling underlying
  policies.
- 2. Limits of Liability: There is one occurrence limit and one aggregate limit. Automobile losses are subject to the aggregate limit.
- **3. Defense Provisions**: Defense and supplementary payments are in addition to limits of liability.
- 4. Exclusions: Our Excess Liability policy is subject to the exclusions of the controlling underlying policies. Also, there are two additional exclusions: 1) Other Than Auto Coverage medical payments and 2) Automobile Coverage first party coverages.
- 5. Conditions: Our Excess Liability policy is subject to the conditions of the underlying policies. Our Excess Liability policy's also includes Additional Conditions including a warranty that the underlying insurance will be maintained. Failure to maintain does not change our attachment point, invalidate the policy or cause cancellation.
- 6. **Definitions**: Our Excess Liability policy contains words and phrases with special meaning. Our Excess Liability policy is subject to the definitions of the controlling underlying policies.
- 7. Claims Made (Extended Reporting Period)

Subject to applicable claims made terms and conditions of the underlying insurance, this section provides an extension in time for reporting claims under an expired policy.

#### 02. EXCESS LIABILITY POLICY COMPONENTS

- **A.** A complete occurrence or claims made Excess Liability Policy is constructed of and must include the following forms respectively:
  - 1. XS9 00 001 Excess Liability Policy– (occurrence version)

Or

XS9 00 002	Excess Liability Policy– (claims made version)
XS9 05 002	Excess Underlying Schedule

IL9 05 006 Schedule of Forms and Endorsements XS9 05 001

Declaration Page (occurrence version)

Or

2.

- 5. XS9 05 002CM Declaration Page (claims made version)
- 6. State Mandatory Endorsement. Refer to the individual State Exception Pages.
- B. Our Excess Liability Policy may include the following optional endorsements. Refer to Rule 36 which explains the underwriting intent of these forms

1.	XS9 25 001	Redefining Loss to include Defense Expenses Endorsement
2.	XS9 22 001	Amendment of Excess Liability Policy Insuring Agreement Indemnification
3.	IL9 05 004	Schedule Of Named Insureds
4.	IL9 05 006	Schedule Of Forms And Endorsements
5.	IL9 05 008	Schedule Of Locations
6.	IL9 12 003	Policy Changes Endorsement

#### CLAIMS MADE ONLY ENDORSEMENTS

7.	XS9 27 001	Extended Reporting Period
8.	XS9 27 002	Amendment of Excess Liability Policy Insuring Agreement – Indemnification (claims-made

#### 03. **EFFECTIVE OR DISTRIBUTION DATE**

The edition date shown is not necessarily the effective or distribution date. The effective date or distribution date will be announced in our Notice to Manualholders or similar alerts, which are issued by us.

#### **POLICY TERM** 04.

With respect to the policy term, our excess liability policy:

- 1. may be written for a specific term up to three years.
- 2. may be renewed by renewal certificates. When renewal certificates are used, they must conform in every respect to current rules, rates and forms at the time of renewal.

#### 05. PREMIUM COMPUTATION

- A. Prepaid Policies (premium collected upfront not on a pay plan)
  - 1. Compute the premium using the annual rates in effect at policy inception multiplied by the policy term expressed in years (term factor), for example:

Term Of Policy		Term Factor
6	Months	0.5
12	Months	1
18	Months	1.5
2	Years	2.0
3	Years	3.0

Table 5.A.1. Prepaid Policies

- 2. If the term of the policy is less than 1 year, multiply the premium determined in Paragraph 1. by 1.1 unless the policy is issued to obtain anniversary dates common with other policies.
- B. Annual Premium Payment Plan Policies
  - 1. Compute the premium for each annual payment on the basis of the annual rates in effect on each anniversary date of the policy.
    - If the estimated annual premium is less than \$500, the rate and premium adjustment for a policy written for a period of more than one year may be deferred until termination of the policy.
  - 2. Prorate the premium in Paragraph 1. when the policy is issued for other than a whole number of years.

#### 06. FACTORS OR MULTIPLIERS

#### A. Application

Factors or multipliers are to be applied consecutively and not added together, unless otherwise specified.

#### B. Interpolation

For factors and multipliers not shown in this manual or any exception pages, use interpolation.

Interpolated factors and multipliers shall be calculated to three decimal places.

#### 07. ROUNDING PROCEDURE

#### A. Rates

Round rates, factors and multipliers after the final calculation to three decimal places. Five tenths or more of a mill shall be considered one mill, for example, .1245 = .125.

#### B. Premium

Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving \$.50 or over to the next higher whole dollar.

#### 08. POLICY WRITING MINIMUM PREMIUMS

- A. Prepaid and Annual Premium Payment Plan Policies
  - 1. The policy writing minimum premium is the sum of the minimum premium per \$1 million of limits, which is described in Rule 34.
  - 2. Apply a minimum premium regardless of term.

#### 09. ADDITIONAL PREMIUM CHANGES

- A. Calculation Of Premium
  - 1. Prorate all changes requiring additional premium.
  - 2. Apply the rates and rules in effect on the effective date of the policy, or, if the change is made after an anniversary date of the policy, apply the rates and rules in effect on that anniversary date. The additional premium developed is in addition to any applicable policy writing minimum premium.
- B. Waiver Of Premium
  - 1. Additional premiums at or below \$500 may be waived.
  - 2. This waiver applies only to that portion of the premium due on the effective date of the policy change.

#### 10. RETURN PREMIUM CHANGES

Premium Computation

- A. Compute return premium at the rates used to calculate the policy premium.
- **B.** Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced. Retain the policy writing minimum premium.

- **c.** Increased the cost of the facultative reinsurance determined in **1.a.** by a charge up to but not exceeding 50%.
- d. Add the results of b. and c.
- 2. When a risk is fully (100%) reinsured on a facultative basis, the following optional rating procedure is available to determine the applicable premium:
  - a. Apply manual rules and rates to the first \$1 million of the limits of liability.
  - **b.** Determine the cost for the facultative reinsurance for the limits of liability in excess of \$1 million.
  - **c.** Increase the cost of the facultative reinsurance determine in **1**. by a charge up to but not exceeding 50%.
  - d. Add the results of 2.b. and c.

#### 22. BASIC RATING FORMULA

Use the following procedure to determine the premiums of each applicable underlying policy.

Final Full Limits Of The Underlying Premium

- X Excess Liability Rating Factor (#)
- X Adjustment Factor (\*)
- = Excess Liability Premium
- (#) The "Excess Liability Factor" is determined from the tables in Rule 31. of the State Exception Pages. This factor may be modified by multiplying by the following Special Features Of Underlying Policies factor (as described in Rule 24.): Varying Attachment Points (as described in Rules 24.A.) x Underlying Aggregate Limits In Excess of \$ 2 Million (as described in Rule 24.B.) x Per Location / Per Project Aggregate Endorsement Factor (as described in Rule 24.C.).
- (\*) The "Adjustment Factor" is calculated as follows: Optional Endorsement factor (as described in Rule 23.) x Judgment Rating factor (described in Rule 26.) x Increasing Excess Liability's Aggregate Limit (as described in Rule 27).

- 1. Excess Liability factors are only provided at underlying limits of \$1 million and \$2 million in aggregate.
- 2. Underlying aggregates may be higher than \$2 million.
- 3. In this situation, obtain the applicable Excess Liability factor from the tables in Rule 31. based upon \$1 million per occurrence and \$2 million in aggregate.
- 4. Apply a 4% credit for each \$1 million in aggregate limits in excess of \$2 million.
- C. Underlying Aggregate Limits On A Per Location / Per Project Basis
  - 1. Excess Liability factors contemplate per policy aggregates.
  - 2. Underlying aggregate limits may be on a "per location" or "per project" basis.
  - 3. In this situation, apply a 10% credit.
- **D.** Refer to TMM Actuarial Department for pricing assistance when:
  - 1. Our participation is above the first \$25 million in Limits of insurance.
  - 2. Another carrier provides underlying insurance (i.e., primary and/or 1<sup>st</sup> umbrella).

SPECIAL NOTE: Quota-Share Proposals - Underwriting should try to apply the Basic Rating Formula outlined in Rule 22 by securing the needed information from the producer. TMM should attempt to control the development of excess layer pricing. If another carrier establishes excess layer pricing, use such carriers' pricing to establish the TMM participation.

#### 25. RESERVED FOR FUTURE USE

#### 26. JUDGMENT RATING FACTOR

A judgment-rating factor may also be applied. This factor reflects the catastrophe potential of the individual risk, which was not contemplated in the underlying rating (including scheduled rating). Select the appropriate credit or debit amount in accordance with the risk characteristics listed in **A.**, subject to the maximum amount listed in **B.** 

- A. Risk Characteristics
  - 1. The potential for a single loss to pierce the Excess Liability limit.
  - 2. The potential for the exhaustion of an underlying policy's aggregate limit.
- B. Maximum Modification

The maximum credit or debit is 85%.

C. Documentation

The rational for selecting the judgment-rating factor will be documented and retained in the underwriting policy file.

When neither a credit nor a debit is applied (judgment factor = 1.00), the rational will be documented and retained in the underwriting policy file.

- 1. Obtain for the exposure units used to rate the underlying policy.
- 2. Select the most appropriate exposure units for the Excess Liability policy.
- 3. Divide the Excess Liability premium obtained in Rule 33 by the exposure units selected in Paragraph 2. The result is the Excess Liability rate for the policy.
- B. Use the following procedure to adjust the Excess Liability premium developed in Rule 33. to utilize the Excess Liability policy rate calculated in A.3.
  - 1. Subject to any applicable minimum premiums, multiply the rate determined in Paragraph A.3. above by the exposure units obtained in Paragraph A.1. above. The result is the Excess Liability premium for the policy.

#### 36. OPTIONAL ENDORSEMENTS

#### Additional Optional Endorsements

In addition to endorsements mentioned in other rules, the following endorsements may be used. These endorsements are grouped by their basic purpose, as outlined below. Within each grouping, the endorsements are in alphabetic sequence. The descriptions are for ease of identification. Refer to each endorsement to determine its content.

- A. Termination and Suspension Endorsements
- B. Coverage Enhancements and Extensions
- c. Limitation Endorsements
- D. Amendatory Endorsements
- E. Exclusionary Endorsements

#### A. Termination And Suspension Endorsements

The number of days' notice required for cancellation for any statutorily permitted reason (other than nonpayment of premium) may be increased to an amount that is mutually agreed upon by the insurer and the insured by using Earlier Notice Of Cancellation Provided By Us, Endorsement U  $1\ 02\ 24$ .

Any applicable state cancellation endorsement must be endorsed to the policy. Please refer to the State Exception Pages.

#### B. Coverage Enhancements and Extensions

The following optional endorsements may be used:

#### XS9 22 001 Amendment of Insuring Agreements – Indemnification

Subject to 3. Conformity to Statute under Section V Additional Conditions, the standard Insuring Agreement is "pay on behalf. However, this optional (switch) endorsement is available to switch the Insuring Agreement to read "We will indemnify".

XS9 25 001 Amendment of Definitions - "Loss"

### MULTISTATE EXCESS LIABILITY MANUAL

The excess policy language is designed to accommodate an optional endorsement to provide an absolute Limit of Liability. With an absolute limit of liability, damages and defense expenses combined erode policy limits.

### XS9 27 001 Extended Reporting Period

This endorsement is used on a claims made policy only when the insured has purchased an extended reporting period. Use this endorsement for the excess follow form policy when the insured on the controlling underlying policy purchases an optional extended reporting period.

XS9 27 002 Amendment of Insuring Agreements – Indemnification (Claims Made). This is a claims made version of endorsement XS9 22 001.

### IL9 05 004 Schedule Of Named Insureds

Because our policy is follow form, this endorsement will be used on an exception basis and/or to support limited space in the named insured section of the Declaration Page.

### IL9 05 008 Schedule Of Locations

Because our policy is follow form, this endorsement will be used on an exception basis only to designate which locations are covered.

### IL9 12 003 Policy Changes Endorsement

This endorsement provides underwriting discretion to make certain changes to the policy as indicated in the endorsement.

Refer to State Exception Page for specific availability.

### 37. EXTENDED REPORTING PERIOD

### Extended Reporting Period

- 1. Any provision in "controlling underlying insurance" relating to an Extended Reporting Period for which a separate premium charge is made does not apply to this "policy", unless an extended reporting period is purchased under this "policy".
- 2. An Extended Reporting Period, consistent with the terms and conditions contained in the "underlying insurance" will be available for this "policy" by endorsement, for an additional charge, if;
  - a. This "policy" is cancelled or not renewed; or
  - b. The "controlling underlying insurance" is renewed or replaced with insurance that:
    - (1) Has a Retroactive date later than the date shown in the Declarations of that "policy"; or
    - (2) Does not apply to "loss" on a claims-made basis:
- 3. The producer or insured must give us a written request for the Extended Reporting Period endorsement for this "policy" within 60 days after the Extended Reporting Period becomes available in accordance with Paragraph 1. above. The Extended Reporting Period will not go into effect unless we receive the additional premium promptly when due.
- 4. When determining the additional premium, take into account the following:
  - a. The exposures insured;

Exhibit A Sheet 1

### TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD. (U.S. BRANCH) EVALUATION OF COMMERCIAL EXCESS & UMBRELLA COVERAGE RATING FACTOR ADEQUACY ANALYSIS OF UMBRELLA DATA ON A COUNTRYWIDE BASIS (EXCLUDING CALIFORNIA)

Section I - Calcula	tion of On-	Level Prem	iums

(A)	(B)	(C)	(D) ·	(E)	(⊢)
			Rating	Rating	
	Historical	Rating Factor	Exposure	Exposure	On-Level
Accident	Earned	On-Level	Trend	Trend	Earned
Year	Premium	Adjustments	Period	Adjustments	Premium
1998	10,333,733	1,000	10.08	1.117	11,539,110
1999	9,224,496	1.000	9.08	1.104	10,188,413
2000	8,673,413	1.000	8.08	1.092	9,475,515
2001	9,092,196	1.000	7.08	1.081	9,824,952
2002	11,322,955	1.000	6.08	1.069	12,102,364
2003	10,987,890	1.000	5.08	1.057	11,616,455
2004	12,830,262	1.000	4.08	1.046	13,416,637
2005	12,643,043	1.000	3.08	1.034	13,077,014
2006	13,516,446	1.000	2.08	1.023	13,828,286
Totals	98,624,434				105,068,746

Section II - Calculation of Developed Historical Losses (Prior to Trending):

(G)	(H)	(1)	(J)	(K)	(L)	(M)	(N)	(O)	
						Bornhuetter-		Bornhuetter-	
						Ferguson		Ferguson	Historical-
	Number of					Expected		Indicated	Ultimate
Accident	Reported	Paid	Case	Paid	Case Incurred	Loss+ALAE	Incurred	Ultimate	Loss + ALAE
Year	Claims	Loss	Reserves	ALAE	Loss + ALAE	Ratio	LDF	Loss + ALAE	Ratios
1998	9	335,192	0	85,240	420,432	65.6%	1.112	1,102,688	9.6%
1999	8 .	17,710,000	0	1,860,257	19,570,257	65.6%	1.141	20,317,099	199.4%
2000	7	5,603,880	. 0	39,215	5,643,095	65.6%	1.195	6,569,055	69.3%
2001	4	473,798	0	11,773	485,571	65.6%	1.281	1,791,402	18.2%
2002	3	0	0	4,010	4,010	65.6%	1.464	2,355,500	19.5%
2003	13	7,586,272	706,500	50,693	. 8,343,465	65.6%	1.774	11,486,274	. 98.9%
2004	5	500,000	0	453	500,453	65.6%	2.359	5,346,754	39.9%
2005	1	0	5	36,589	36,594	65.6%	4.624	6,532,935	50.0%
2006	0	0	0	0	0	65.6%	15.10749	8,274,844	59.8%
Totals	50	32,209,141	706,505	2,088,229	35,003,876			63,776,553	60.7%

### Section III - Calculation of On-Level Loss Ratios and Indicated Rate Change:

	(P)	(Q)	(R)	(S)		(T)
						On-Level
	Indicated .	Loss	Loss	Trended		Ultimate
Accident	Ultimate	Trend	Trend	Ultimate	On-Level	Loss + ALAE
Year	Loss + ALAE	Period	Adjustments	Losses	Weights	Ratios
1998	1,102,688	10.09	1.359	1,498,915	0.0%	14.5%
1999	20,317,099	9.09	1.319	26,789,787	. 0.0%	290.4%
2000	6,569,055	8.09	1.279	8,402,218	0.0%	96.9%
2001	1,791,402	7.09	1.241	2,222,632	0.0%	24.4%
2002	2,355,500	6.09	1.204	2,834,922	30.0%	25.0%
2003	11,486,274	5.09	1.167	13,409,747	30.0%	122.0%
2004	5,346,754	4.09	1.132	6,055,013	20.0%	47.2%
2005	6,532,935	3.09	1.099	7,176,566	15.0%	56.8%
2006	8,274,844	2.09	1.066	8,817,625	10.0%	65.2%
Totals	63,776,553		,	77,207,425	105%	78.3%
	(U)	Weighted Ultima	te Loss + ALAE Rat	io	68.6%	
	(V) -	Credibility of Exp	erience Period Res	ults	21.5%	
	(W) -	Permissible Loss	+ ALAE Ratio (PLF	₹)	65.6%	
	(X) -	Complement of C	Credibility (Assigned	I to PLR)	78.5%	
	(Y) -	Credibility Weigh	ited On-Level Loss	+ ALAE Ratio	66.2%	
	(Z) -	Indicated Rate L	evel Change		1.0%	
	(AA) -	Selected Rate Le	evel Change	•	0.0%	

### **Explanatory Notes:**

- (B) From TMM production report EZAD 1591.
- (C) There have been no changes to the umbrella rating factors or minimum premiums in any state during the experience period.
- (D) Policies assumed to be issued evenly throughout calendar acc year, therefore Avg Acc Date is 7/1 and Average Rating Date is 1/1; Prospective rating period assumed to commence 8-1-2007 in most states and last one year; trend period is therefore from Jan. 1st of each historical accident year to 2-1-2008 (Average Prospective Rating Date).
- (E) Annual inflation rate of 1.1% in general liability exposure base measures, per ISO Circular AS-CA-2004-027, Exhibit 1; then compounded annually at number of years shown in column (D)
- (F) (B) x (C) x (E)
- I),(J),(K) From EUC database valued at 12/31/2006; see claims detail on Exhibit A, Sheet 3
  - (L) (I) + (J) + (K)
  - (M) Expected loss and ALAE ratio for each exposure period set equal to permissible loss and ALAE ratio as shown on Exhibit B, Sheet 1
  - (N) Interpolated RAA factors from development pattern shown on Exhibit A, Sheet 4
- (O), (P) = (L) +  $[1/(1-(N))] \times (M) \times (B)$ 
  - (Q) Trend from Avg Acc Date of each year (7/1) to Avg Acc Date of prospective rating period (8-1-2008)
  - (R) 3.1% annual loss trend (frequency and severity) as shown in Exhibit A, Sheet 5, compounded by number of years shown in Col. (Q)
  - (S) (P) x (R)
  - (T) (S)/(F)
  - (U) Calculated by applying progressive weights to the latest 5 accident year results of (T), reflecting changes in underwriting practices during the experience period and the aberrantly poor results of accident years 1999.

    (V) - (Total # of claims as shown in Column (H) / Full credibility standard of 1084 claims) ^ 0.5

  - (W) From Exhibit B, Sheet 1
  - (X) 1.0 (V)
  - $(Y) [(U) \times (V)] + [(W) \times (X)]$
  - (Z)- (Y)/(W) 1.0

Exhibit A Sheet 4

RAA - Development Patterns (2005 Study)
General Liability Excluding Mass Torts
Combined Treaty and Facultative - Attachment Range 4
Incured Case Losses
(5000s)

276	9,459																							
264	9,434	15,617																						
252	9,44	15,498	12,443																					
240	9,302	15,092	11,445	10,127															,					
228	9,333	15,027	11,233	6.647	6,922																			
216	10,027	15,009	11,421	9,575	916'9	8,130																		
204	6,993	15,553	11.298	9,568	6,727	8,064	17,510																	
192	816'8	15,692	11,419	609'6	6,569	8,085	17,435	15,674																
180	8,859	15,782	11,401	10,260	6,568	8,094	17,841	15,671	10,670															
. 168	8,749	15,990	11,215	9,788	6,557	7,994	17,750	15,854	11,018	18,067														
156	8,038	15,426	11,177	9,564	6,603	8,032	17,443	15,821	11,266	18,056	33,646													
144	7,994	14,844	12,187	10,203	6,657	8,215	17,220	14,478	11,277	17,900	32,750	24,649												
132	8,198	14,019	12,089	10,717	7,016	8,828	17,416	14,158	11,236	18,748	30,239	24,039	33,656	,	•									
120	7,905	13,865	11,395	10,689	6,399	8,839	17,472	12,897	12,069	18,613	27,173	24,395	33,039	23,821										
801	6,760	13,266	11,323	10,255	6,417	9,026	17,809	12,418	11,751	18,81	25,132	23,732	30,730	23,791	23,770									
96	6,261	12,145	10,018	9,108	6,568	9,407	16,843	11,318	11,624	18,901	23,226	. 21,927	30,855	23,673	22,255	49,678								
	6,472																							
72	5,211	10,365	8,878	8,713	6,952	8,341	16,862	10,345	12,226	15,373	19,260	20,119	28,821	20,522	21,678	39,535	36,856	58,050						
09			7,514																					
82														_						_	_			
36	ŀ		4,636																_			_		
94			1.531																				9	
12	4	1.48	592	.25	47	150	39	86:	583	62	11.1	1,82	2,15	2,19	2,58	7,54	1,79	1,49	6,95	3,61	. 11,15	8,35	6,38	
Accident	1982	1983	1984	1985	1986	1987	1988	1989	0661	1661	1992	1993	1994	1995	9661	1661	8661	6661	2000	2001	2002	2003	2004	

83		Tail 1.009
0.003	H H 1.003	13 1.011
7 1.008	1.004	1.002 6 1.013
1.015	. 1.043 1.053 1.043	1.003
0.997	1.016	1.003
1.001 1.001 1.006 1.006 1.001	0.985 1.005 0.996 0.985	1.003
1,003 0,965 1,011 1,001 1,008 1,008	0.998 1.017 1.011 0.997	1.004
1,121 0,999 0,996 0,096 0,097 1,004	1.013 1.002 1.007 1.001 1.013	1.005
1.007 1.0094 1.002 0.937 1.000 0.977 1.000	0.989 0.988 0.990 0.987	1.038
1.013 1.017 1.018 1.013 1.005 1.005 0.988 0.988	1.002 0.980 0.990 0.994 1.004	1.007
1,088 1,003 1,003 1,003 1,003 0,995 0,978 1,001	1.013 0.992 0.995 1.001 1.003	1.008
1,005 0,917 0,937 0,937 0,978 1,013 1,009 1,009 1,027	1.009 1.021 1.017 1.028 1.022 1.898	1.010
0.975 1.006 1.008 0.952 0.931 0.989 1.004 1.004 1.005 1.005	1.009 1.057 1.031 1.027 1.015	1.013
1,037 1,001 1,000 1,000 1,000 1,000 1,000 1,010 1,010 1,010	1.027 1.005 1.039 1.026 1.026	1.015
1,169 1,045 1,045 1,045 1,045 0,977 0,979 0,981 1,027 1,027 1,021 1,021 1,001	1.033 1.043 1.040 1.039 1.568	1.016
1,080 1,130 1,126 0,977 0,977 0,995 1,082 1,082 1,082 1,082 1,082 1,082 1,085 1,085 1,085 1,086	1.046 1.036 1.020 1.043 1.034	1.026
0.967 0.967 0.967 0.931 0.947 1.020 1.020 1.020 1.020 1.030 0.992 0.992 0.966	1.032 1.009 1.005 1.026 1.044	1.047
1,247 1,174 1,174 1,173 1,106 1,066 1,106	1.086 1.153 1.133 1.111 1.098 1.659	1.072
1.119 1.110 1.110 1.120 1.159 1.159 1.101 1.203 1.101 1.203 1.101 1.203 1.101 1.203 1.101 1.101 1.203 1.101 1.101	1.160 1.210 1.214 1.187 1.180	1.143
1.766 1.934 1.297 1.216 1.171 1.004 1.171 1.247 1.247 1.247 1.120 1.112 1.112 1.112 1.112 1.113 1.113	1.251 1.342 1.290 1.245 1.214 2.325	
1,384   1,480   1,480   1,772   1,772   1,772   1,772   1,573   1,462   1,462   1,673   1,673   1,673   1,674   1,685	1.580 1 1.606 1 1.742 1 1.533 1 1.599 1	. 6
1,149 1,423 1,1423 1,1433 1,1433 1,1433 1,1433 1,1705 1,1705 1,1705 1,1705 1,1232 1,1232 1,1232 1,1233 1,1233 1,1233 1,1234 1,1239 1,1244 1,1244 1,1246 1,12	1.840 1.2.157 1.2.042 1.2.000 1.923 1.4.117 3	- 4
	3.937 1. 4.442 2. 4.638 2. 4.349 2. 3.936 1. 8.518	,
1982   4,188   1,527	Weighted Averages All Last 2 Last 3 4.3 Last 3 4.3 Last 3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.	S (Industry)

<sup>\*</sup>Milliman tail factor is based on the decay method

# EVALUATION OF COMMERCIAL EXCESS & UMBRELLA COVERAGE RATING FACTOR ADEQUACY TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD. (U.S. BRANCH) ANALYSIS OF UMBRELLA DATA ON A COUNTRYWIDE BASIS

### 1. Annual Trend Rates:

	Bodily Injury Coverage	Property Damage Coverage	Fringe Coverages*	Weighted Average Annual Trend
Expected Loss Composition of Exposure Class	%0.07	%0.02	10.0%	
ISO OL&T Total Limits Annual Severity Trend (Loss and ALAE): 10 Years	2.5%	6.7%	~9.0-	
8 Years 6 Years	2.3%	6.6% 4.0%	-1.6% -0.4%	
(ISO Circular AS-GL-2006-027 dated 9/15/2006, Exhibits 4, 6, and 7)				
Selected by TMNF	2.5%	%1.9	%0.0	3.1%
ISO All Coverages Combined Selected Frequency Trend: (ISO Circular AS-GL-2006-027 dated 9/15/2006, Exhibit 8)				%0.0
Combined Selections of Frequency and Severity Trend				3.1%

<sup>\*</sup> ISO figures for Fringe coverages actually at \$100k basic limits; selected trend factors therefore adjusted upward slightly to reflect higher anticipated trend on total limits basis.

	Selected Expense Provisions	
(A) - Commission	15.0%	
(B) - Other Acquisition Expense	8.0%	
(C) - General Expense	5.0%	
(D) - Taxes, Licenses, Fees	2.8%	
(E) - Profit & Contingencies Provision	5.0%	
(F) - Investment Income Offset		
(G) - Total Expense	25.3%	
(H) - Permissible Loss + LAE Ratio	74.7%	
(I) - Ratio of ULAE to (Loss + ALAE)	14.0%	
(J) - Permissible Loss + ALAE Ratio	65.6%	
(K) - Ratio of ALAE to (Loss + ALAE)	7.0%	
(L) - Loss Ratio Only Component (M) - ALAE Ratio Only Component	61.3% 4.3%	

### NOTES:

- (A) Based on TMNF's standard commission schedule for Umbrella policies
- (B) Based on TMNF's expense selections using IEE data through calendar year 2005 (see Exhibit B, Sheet 3)
- (C) Based on TMNF's expense selections using IEE data through calendar year 2005 (see Exhibit B, Sheet 3)
- (D) See Exhibit B, Sheet 2
- (E) Traditional profit & contingencies provision prior to offset by investment income attributable to policyholder funds.
- (F) See Exhibit C, Sheet 1
- (G) Sum of (A) through (F)
- (H) 1.0 minus (H)
- (I) See Exhibit B, Sheet 3
- $(J) (H) \times \{1.0 / [1.0 + (I)]\}$
- (K) Based upon TMM judgment and consideration of actual paid ALAE to paid loss ratios from Exhibit A, Sheet 1
- (L) (J)  $\times \{ 1.0 / [1.0 + (K)] \}$
- $(M) (J) \times { (K) / [1.0 + (K)] }$

CTATE	Estimated Distribution of Premium	Waight	GL
STATE Alabama	419,598	Weight 1.5%	TL&F 4.92%
Alaska	1,261	0.0%	3.02%
Arizona	90,256	0.3%	2.32%
Arkansas	34,351	0.1%	2.82%
California	13,840,287	50.1%	2.67%
Colorado	10,328	0.0%	2.32%
Connecticut	48,073	0.2%	2.07%
Delaware	6,554	0.0%	2.32%
Dist. Of Columbia	42,582	0.2%	2.02%
Florida	324,810	1.2%	2.07%
Georgia	408,074	1.5%	4.87%
Hawaii	6,147	0.0%	4.59%
Idaho	1,261	0.0%	2.82%
Illinois	1,207,475	4.4%	0.82%
Indiana	463,614	1.7%	1.62%
lowa	7,667	0.0%	1.82%
Kansas	11,329	0.0%	2.32%
Kentucky	307,703	1.1%	2.62%
Louisiana	74,500	0.3%	4.81%
Maine	631	0.0%	2.52%
Maryland	52,273	0.2%	2.36%
Massachusetts	75,319	0.3%	2.60%
Michigan .	292,639	1.1%	1.39%
Minnesota	60,395	0.2%	2.32%
Mississippi	17,073	0.1%	3.32%
Missouri	29,930	0.1%	2.32%
Montana	0	0.0%	3.07%
Nebraska	1,261	0.0%	1.32%
Nevada	178,835	0.6%	3.82%
New Hampshire	3,153	0.0%	2.97%
New Jersey	1,901,881	6.9%	3.62%
New Mexico	23,295	0.1%	3.42%
New York	3,437,262	12.4%	3.70%
North Carolina	142,401	0.5%	2.32%
North Dakota	631	0.0%	2.07%
Ohio	865,800	3.1%	1.72%
Oklahoma	114,583	0.4%	2.57%
Oregon	48,166	0.2%	2.60%
Pennsylvania	212,898	0.8%	2.36%
Puerto Rico	349,354	1.3%	4.32%
Rhode Island	1,892	0.0%	2.32%
South Carolina	190,542	0.7%	2.72%
South Dakota	0	0.0%	2.82%
Tennessee	215,310	0.8%	2.82% 1.99%
Texas	1,670,694	6.1%	2.57%
Utah	2,522 631	0.0% 0.0%	2.32%
Vermont	118,929	0.4%	2.65%
Virginia Washington	251,679	0.4%	2.32%
Washington West Virginia	14,801	0.9%	4.32%
Wisconsin	33,044	0.1%	0.32%
Wyoming	0	0.0%	1.07%
TOTAL AVERAGE	27,613,692	100.0%	2.76%
Selected			2.76%

Source of tax information is ISO Circular AS-GL-2005-031

## GENERAL LIABILITY INSURANCE INSURANCE EXPENSE EXHIBIT EXPERIENCE TOKIO MARINE & FIRE (000)

										-	(000)									r		041	
1985 1986 1987 1	1987		1988	1990	1991	1992	1993	1994							_						Jrear J Total T	TOTAL	SELECTED
21596 28,476 33	28,476 33	33	191	42,599	42,687	37,284	ľ	1	40,679 4	40,148	38,771	38,031 3	34,680 37	37,550 4	43,708 5	59,793 6	68,277 7	76,449 7	77,716 7	76,379 23		58,614	
12,057 19055 27,046 32,437	27,046		437	42,929	41,574	38,617														••		43,066	
10543 26,706	26,706		102	21,824	44,277	18,009	21,409															20,664	
								16,706 2								_						31,825	
8716 12,181 2	12,181	.,	783	19,344	22,104	12,136										_						50,090	
1,766 2583 3,154 3	3,154		.961	5,244	4,750	4,783	4,183															29,985	
727 930	930		1,042	1,434	1,440	768		•														10,860	
1020 1,119	1,119		,029	1,547	2,105	2,521																15,453	•
2817 2,805	2,805		629	3,401	3,352	3,329											-	1				13,267	
0.120 0.111	0.111	_	3.118	0.123	0.111	0.128	0.100		960.0	0.093	0.091							0.078		0.093	0.085	0.084	0.1500
0.054 0.041	0.041	Ū	0.032	0.036	0.051	0.065	0.057		0.057	0.051	0.096							0.048		N/A	0.041	0.045	0.0800
0.148 0.104	0.104	_	0.082	0.079	0.081	0.086	0.077		0.084	0.081	0.042							0.036	•	N/A	0.041	0.039	0.0500
0.034 0.033	0.033		0.031	0.034	0.034	0.021	0.035		0.028	0.028	0.033							0.030		0.026	0.034	0.030	0.0276
	0.289	ľ	0.263	0.272	0.276	0.300	0.269	0.282	0.265	0.252	0.261	0.243	0.251	0.252	0.214	0.191	0.198	0.193	0.218	N/A	0.200	0.198	0.308
0.050 0.050	0.050	0	020	0.050	0.050	0.050	0.050		0.050	0.050	0.050							0.050		0.050	0.050	0.050	0.050
0.405 0.339	0.339	_	0.313	0.322	0.326	0.350	0.319		0.315	0.302	0.311							0.243		N/A	0.250	0.248	0.358
									0.438	0.631	0.362							0.434		0.547	0.369	0.118	0.070
0.827	_		1.148	0.886	0.499	0.674	0.696		0.488	0.701	0.482							0.614		N/A	0.202	0.494	0.220
1.475 1.011 1.438	1.438	•	1.199	0.959	1.597	0.781	0.886		1,720	1.122	0.994							0.615		N/A	0.457	0.605	0.747
1.365			1.462	1.231	1.873	1.081	1.156		1.985	1.374	1.255							0.807		N/A	0.538	0.821	1.055
									0.040	0.070	0.121							0.180		0.239	0.098	0.871	0.210
								600'0	0.028	0.043	0.089							0.126		0.206	0.117	0.156	0.140
						I		I					l										

Combined ratio excludes profit
 Outside Adjuster expenses are re-stated as ULAE.

Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

### **Explanatory Notes**

### Line H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2005 on a countrywide basis. All entries below are from the Underwriting and Investment Exhibit, part 1.

	Investment Income <u>Earned</u>	Federal Income <u>Tax Rate</u>
Bonds		
Taxable (lines 1 + 1.2)	46,992,129	0.350
Non-Taxable (A) (line 1.1)	31,480	0.052
Total	47,023,609	0.350
<u>Stocks</u>		
Taxable (B) (lines 2.1 + 2.2)	53,408	0.108
Non-Taxable (Affiliates) (lines 2.11 + 2.21)	0	
Total	53,408	0.108
Mortgage Loans (line 3)		
Real Estate (line 4)	0	
Cash/Short Term Investments (line 5.2)	0	
	2,460,890	•
All Other (lines 6 + 7 + 8)	73,973	
Sub Total	2,534,863	0.350
Sub Total	2,334,003	0.550
Total	49,611,880	0.350
Investment Deductions (line 10)	1,926,783	0.350
Net Investment Income Earned	47,685,097	0.350

- (A) 99.6% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate income tax rate of 35%. The applicable tax rate is thus 5.2% ( $0.996 \times 0.15 \times 0.35 = 0.052$ ).
- (B) Only 30% of dividend income is subject to a full corporate income tax rate of 35%. 8.4% of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 10.8% ((0.30 x 0.35) + (0.084 x 0.70 x 0.15 x 0.35) = 0.108)

Factor to Adjust the Ratio of Overdue Agents Balances

Line B-2 Explanation (continued)

**A	mount Over	**Amount Under	
90	Days Overdue	90 Days Overdue	Ratio
1996	1,418,152	(1,436,887)	-0.987
1997	1,232,701	1,815,787	0.679
1998	1,480,492	1,471,578	1.006
1999	2,150,637	9,409,969	0.229
2000	2,069,104	8,477,603	0.244
2001	5,950,122	19,203,179	0.310
2002	6,150,480	19,257,201	0.319
2003	7,584,093	20,529,432	0.369
2004	5,964,503	14,620,899	0.408
2005	7,792,782	26,525,824	0.294
		Three Point Average	0.357
		Four Point Average	0.348
		Five Point Average	0.340
		Volume Average	0.349
		Volume Average (x 1996)	0.333
		Selected from TMM Data	0.350
		From A.M. Best's Review	0.07
		Selected for Investment Income	0.25
		Selected Factor to apply to 90	
	•	days or less overdue ratio	1.25

<sup>\*\* -</sup> Amounts above are from the annual statement, Page 2 - Assets Years 2001 and subsequent feature TMF, TPI, TMS and TMC

### Calculation of Expected Mean Loss Reserve Factor for Investment Income Offset Provision:

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Accident Year Age (Months)	RAA Incurred LDF	Cumulative % Incurred (End of Interval)	Cumulative % Incurred (Middle of (Interval)	Incremental Incurred % (Middle of (Interval)	Incurred Lag Period from Average Accident Date (# yrs)	Weighted Incurred Lag Period	Mean Loss Reserves
0		0.0%					
12	15.107	6.6%	3.3%	3.3%	0.0	0.000	96.7%
24	4.624	21.6%	14.1%	10.8%	1.0	0.108	91.3%
36	2.359	42.4%	32.0%	17.9%	2.0	0.358	76.9%
48	1.774	56.4%	49.4%	17.4%	3.0	0.521	59.3%
60	1.464	68.3%	62.3%	13.0%	4.0	0.519	44.1%
72	1.281	78.1%	73.2%	10.9%	5.0	0.543	32.2%
84	1.195	83.7%	80.9%	7.7%	6.0	0.462	22.9%
96	1.141	87.7%	. 85.7%	4.8%	7.0	0.335	16.7%
108	1.112	89.9%	88.8%	3.1%	8.0	0.249	12.8%
120	1.094	91.4%	90.6%	1.9%	9.0	0.167	10.3%
	1.078	92.7%	92.1%	1.4%	10.0	0.140	8.6%
132			93.3%	1.3%	11.0	0.142	7.3%
144	1.064	93.9%		1.1%	12.0	0.129	6.1%
156	1.054	94.9%	94.4%				5.2%
168	1.046	95.6%	95.3%	0.8%	13.0	0.110	
180	1.038	96.3%	96.0%	0.7%	14.0	0.101	4.4%
192	1.031	97.0%	96.6%	0.7%	15.0	0.098	3.7%
204	1.026	97.4%	97.2%	0.6%	16.0	0.089	3.1%
216	1.013	98.7%	98.1%	0.9%	17.0	0.149	2.4%
228	1.007	99.4%	99.0%	1.0%	18.0	0.172	1.4%
240	1.003	99.7%	99.5%	0.5%	19.0	0.092	0.7%
252	1.002	99.8%	99.8%	0.2%	20.0	0.048	0.4%
264	1.001	99.9%	99.9%	0.1%	21.0	0.025	0.2%
276	1.000	100.0%	99.9%	0.1%	22.0	0.013	0.1%
288	1.000	100.0%	100.0%	0.0%	23.0	0.007	0.0%
300	1.000	100.0%	100.0%	0.0%	24.0	0.004	0.0%
312	1.000	100.0%	100.0%	0.0%	25.0	0.002	0.0%
324	1.000	100.0%	100.0%	0.0%	26.0	0.001	0.0%
336	1.000	100.0%	100.0%	0.0%	27.0	0.001	0.0%
348	1.000	100.0%	100.0%	0.0%	28.0	0.000	0.0%
360	1.000	100.0%	100.0%	0.0%	29.0	0.000	0.0%
	1.000	100.0%	100.0%	0.0%	30.0	0.000	. 0.0%
372	1.000	. 100.076	100.076	0.078	30.0	0.000	. 0.07
Totals	•			100.0%	~	4.586	5.069
	(H)	Add 3 Month Lag for Es	timated Difference	Between Reported	and Paid Event	0.250	
	(1)	Total Expected Duration	of Loss Reserves	Per Policy	_	4.836	
NOTES:	(1)	Total Expected Duration	1 01 2033 116361763	i ci i olicy	. =	7.000	
NOTES.						•	•
(B) -	See Exhibit A. Sheet	t 4					•

(B) -	See Exhibit A, Sheet 4	
(C) =	1 / (B)	

(D) = Average of column (C) values for current row and previous row

(E) = Column (D) value for current row minus Column (D) value for previous row

(F) - Assumes loss payments at payment year midpoint and measures lag relative to policy inception at time t=0.
(G) = (E) x (F); the sum of this column represents the weighted average delay beyond policy inception for losses

to be paid out under a representative policy.

(H) = 1 - (D); represents the average outstanding reserve % relative to \$1 in initial incurred loss within each interval until maturity. Initial incurred loss assumed to occur at time t=0.5, the same average point at which premium is assumed to be earned.

Ø,		On-Level	Ratio	48.3%	101.5%	67.8%	60.7%	65.3%
(P)	Trended	Ultimate	Loss + ALAE	12,988,499	25,412,158	23,046,309	18,633,543	19,563,268
. (0)	Loss	Trend	Adjustments	1.204	1.168	1.133	1.099	1,066
ź	Loss	rend	Period /	. 60'9	5.09	4 09	3.09	5.09
(W)	Bornhuetter- Ferguson Indicated	Oitimate	Loss + ALAE	10,785,606	21,756,339	20,342,500	16,957,313	18,355,308
3		ncurred	LDF : ULT	1.464	1.774	2.359	4.624	15.107
	Bornhuetter- Ferguson Expected	LOSS+ALAE	Ratio	65.6%	65.6%	65.6%	65.6%	65.6%
(5)		ncurred	Loss + ALAE	5,197,130	14,587,733	7,503,950	1,186,594	10
0	·	Case	Reserve	904,830	4,762,350	1,823,000	1,150,005	10
£		Paid	ALAE	47,125	50,951	15,950	36,589	0
( <u>G</u> )	:	Paid	Losses	4,245,175	9,774,432	5,665,000	0	0
(F)		On-level	Premium	26,893,416	25,047,651	33,968,556	30,673,991	29,964,026
(E)	Rating	rend	Adjustments	1.069	1.057	1.046	1.034	1.023
<u>©</u>	Rating	rend	Period	6.08	5.08	4.08	3.08	2.08
()	actor	On-Level	Adjustments	1.000			1,000	1.000
(B)	ection I: Excess and Umbrella Combined Historical Rating F	Written						
(A)	Section I: Exces		ΑY	2002	2003	2004	2005	2006

99,643,777 68.0%

88,197,066

28,475,417

8,640,195

150,615

19,684,607

146,547,639

140,282,085

TOTAL

Loss

Ferguson Indicated Ultimate

Ferguson Expected Loss+ALAE

Incurred Loss + ALAE 4,111,957 3,101,222 425,452 436,589 Paid Losses 4,105,175 500,000 175,000 On-level Rating Exposure Trend Rating Factor On-Level Adjustments Historical Written Section II: Excess Only 2003 2005 2005 2006

34,476,442 7,468,311 6,139,692 7,781,597 5,766,972 1.204 1.168 1.133 1.099 1.066 6.09 5.09 3.09 2.09 6,393,912 5,419,379 7,081,582 5,410,883 30,384,152 1.774 2.359 4.624 15.107 65.6% 65.6% 65.6% 65.6% 8,075,220 2,600,000 250,000 400,000 3,254,825 40,220 4,780,175 11,504,907 13,213,057 12,924,488 8,832,972 55,938,513 1.057 1.046 1.034 1.023 5.08 4.08 3.08 2.08 000 10,882,378 12,635,580 12,495,578 8,633,781 53,500,969

Section III: Umbrella Only (I) - (II)

TOTAL

65.3%	796,296	1.066 13	2.09	12,944,425 57 812 914	15.107	65.6%	10 10 107	10	110.395	14 904 432	21,131,054	1.023		2.08	1,000 2.08	2005 20,54,130 1,000 2,08 2006 20,654,530 1,000 2,08 TAI
6	851,946	1.099	3.09	9,875,730	4.624	65.6%	750,005	750,005	o		_	17,749,503 0	17,749,503 0	3 1.034 17,749,503 0	3 1.034 17,749,503 0	17,160,471 1.000 3.08 1.034 17,749,503 0
81.5%	906,617	1.133	4.09	14,923,121	2.359	65.6%	7,078,498	1,573,000	15,498		5,490,000	20,755,498	20,755,498	3 1.046 20,755,498	3 1.046 20,755,498	19,848,378 1.000 4.08 1.046 20,755,498
132.5%	943,847	1.168	5.09	15,362,427	1.774	. 65.6%	11,486,511	2,162,350	49,729			13,542,744 9,274,432	13,542,744 9,274,432	3 1.057 13,542,744 9,274,432	3 1.057 13,542,744 9,274,432	12,809,948 1.000 5.08 1.057 13,542,744 9,274,432
32.5%	668,629	1.204	60.9	4,707,211	1.464	92.6%	1,085,173	300,005	15,169	7	140,000	17,430,327 140,000	17,430,327 140,000	3 1.069 17,430,327 140,000	3 1.069 17,430,327 140,000	16,307,789 1,000 6.08 1.069 17,430,327 140,000
Ratio	+ ALAE	Adjustments	Period	Loss + ALAE	LDF : ULT	Ratio	Loss + ALAE	Reserve	Æ	Ā		Premium Losses	Premium Losses	Adjustments Premium Losses	Adjustments Premium Losses	Premium Adjustments Period Adjustments Premium Losses
n-Level	limate (	Trend	Trend	Ultimate	Incurred	Loss+ALAE	Incurred	Case	aid	۵		On-level Paid	On-level Paid	Trend On-level Paid	Trend On-level Paid	On-Level Trend Trend On-level Paid
	Trended	Loss	Loss	Indicated		Expected							Exposure	Exposure Exposure	Rating Factor Exposure Exposure	Rating Factor
				Ferguson		Ferguson							Rating	Rating Rating	Rating Rating	Rating Rating
				ממנות מפוובו		מסווויסבוובו										

(R) - Excess Differential (II) - (II)

(S) - Selected Discount

-5.0%

-10.3%

NOTES:
This Exhibit is a supplement to the fled Commercial Umbrella analysis
Section I contains the historical experience underlying the Commercial Umbrella product
Section I contains experience for excess policies only.

- (B) From EUC darabase valued at 12/31/2006 (C) There have been no changes to the umbrell (D) Policies assumed to be issued eventy throw
- There have been no changes to the umbrella rating factors or minimum premiums in any state during the experience period. Policies assumed to be issued evenly throughout calendar acc year, therefore Avg Acc Date is 7/1 and Average Rating Date is 1/1;
  - Prospective rating period assumed to commence 8-1-2007 in most states and tast one year, trend period is therefore from Jan. 1st of each historical accident year to 2-1-2008 (Average Prospective Rating Date). Annual inflation rate of 1.1% in general liability exposure base measures, per ISO Circular AS-CA-2004-027, Exhibit 1;
    - (E)
      - then compounded annually at number of years shown in column (D)

- Expected loss and ALAE ratio for each exposure period set equal to permissible loss and ALAE ratio
- $(J) + (1/(1-(L))) \times (K) \times (F)$  Trend from the App Acc Date of prospective rating period (B-I-2008) 3.1% annual loss trend from the approach years shown in Col. (N)

### a. Premises / Operations Liability; Umbrella Rating Factors

Umbrella		
Limit	\$1,000,00 per occurrence / \$ 1,000,000 aggregate	

\$1,000,00 per occurrence / \$2,000,000 aggregate

	Table 1	Table 2	Table 3	Table 1	Table 2	Table 3
1M	0.100	0.150	0.230	0.100	0.150	0.230
2M	0.170	0.270	0.450	0.170	0.270	0.410
3M	0.220	0.370	0.590	0.220	0.370	0.580
4M	0.270	0.460	0.750	0.270	0.460	0.750
5M	0.320	0.550	0.910	0.320	0.540	0.900
6M	0.360	0.630	1.060	0.360	0.620	1.055
7M	0.400	0.710	1.220	0.400	0.700	1.210
8M	0.437	0.787	1.370	0.437	0.777	1.363
9M	0.473	0.863	1.520	0.473	0.853	. 1.517
10M	0.510	0.940	1.670	0.510	0.930	1.637
11M	0.539	1.012	1.815	0.539	1.001	1.768
12M	0.564	1.080	1.956	0.564	1.068	1.892
13M	0.585	1.144	2.093	0.585	1.131	2.011
14M	0.602	1.204	2.226	0.602	1.190	2.124
15M	0.615	1.260	2.355	0.615	1.245	2.231
16M	0.624	1.312	2.480	0.624	1.300	2.330
17M	0.629	1.360	2.600	0.629	1.350	2.430
18M	0.633	1.400	2.720	0.633	1.400	2.530
19M	0.637	1.450	2.830	0.637	1.450	2.630
20M	0.639	1.500	2.940	0.639	1.500	2.730
21M	0.641	1.550	3.040	0.641	1.550	2.830
22M	0.643	1.600	3.140	0.643	1.600	2.930
23M	0.645	1.650	3.240	0.645	1.650	3.030
24M	0.647	1.700	3.340	0.647	1.700	3.130
25M	0.650	1.750	3.430	0.65	1.745	3.230

### b. Premises / Operations Liability; Umbrella Rating Factors

Umbrella Limit	\$1,000,00 per	occurrence / \$ 1,000,00	0 aggregate	\$1,000,00 pe	r occurrence / \$2,000,0	000 aggregate
	Table A	Table B	Table C	Table A	Table B	Table C
1M	0.130	0.150	0.200	0.130	0.150	0.190
2M	0.230	0.260	0.340	0.220	0.260	0.330
3M	0.310	0.360	0.460	0.310	0.360	0.450
4M	0.390	0.450	0.580	0.390	0.440	0.560
5M	0.460	0.530	0.690	0.460	0.530	0.660
6M	0.530	0.605	0.790	0.530	0.605	0.760
7M	0.600	0.680	0.890	0.600	0.680	0.860
8M	0.667	0.750	0.987	0.667	0.727	0.957
9M	0.733	0.820	1.083	0.733	0.773	1.053
10M	0.800	0.890	1.180	0.800	0.820	1.150
11M	0.865	0.957	1.276	0.865	0.880	1.250
12M	0.927	1.020	1.368	0.927	0.930	1.350
13M	0.990	1.079	1.456	0.990	0.995	1.445
14M	1.050	1.134	1.540	1.050	1.060	1.510
15M	1.110	1.185	1.620	1.110	1.125	1.580
16M	1.170	1.230	1.700	1.170	1.180	1.670
17M	1.230	1.280	1.780	1.230	1.250	1.740
18M	1.290	1.320	1.850	1.290	1.300	1.810
19M	1.350	1.360	1.920	1.350	1.370	1.880
20M	1.410	1.420	1.970	1.410	1.430	1.930
21M	1.470	1.480	2.050	1.470	1.490	2.000
22M	1.530	1.540	2.100	1.530	1.550	2.050
23M	1.590	1.600	2.150	1.590	1.610	2.100
24M	1.650	1.660	2.200	1.650	1.670	2.150
25M	1.710	1.720	2.250	1.710	1.730	2.200

### MULTISTATE EXCESS LIABILITY MANUAL

- b. Previous types and amounts of insurance;
- c. Limits of Liability available under this "policy" for future payment of "loss"; and
- d. Other related factors.
- 5. Refer to Actuarial for assistance in pricing the Extended Reporting Period Endorsement. Such pricing is fully earned when the Endorsement takes effect.
- 6. If the provisions of the Extended Reporting Period in the "underlying insurance" provide for supplemental aggregate limits of liability when the Extended Reporting Period is purchased, a supplementary aggregate limit of liability, equal to the Aggregate Limit shown in the Declarations of this "policy", will apply to this "policy" if the Extended Reporting Period is purchased for this "policy".
- 7. An Extended Reporting Period is available for purchase under this policy by attaching Extended Reporting Period Endorsement XS9 27 001 for an additional charge. The Named Insured must request this endorsement in writing within 60 days after the end of the policy period. This Extended Reporting Period begins as outlined in the controlling underlying insurance.

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### 31. **DETERMINING THE EXCESS RATING FACTOR**

The following is added to Paragraph A.2.:

a. Premises / Operations Liability: Excess Liability Rating Factors:

Excess Limit	\$ 1,000,0	00 per occ		\$ 1,000,0	00 per occ	urrence /
	\$1,000,00	0 aggregat	e		0 aggregat	
	Table 1	Table 2	Table 3	Table 1	Table 2	Table 3
\$ 1 M	0.095	0.143	0.219	0.095	0.143	0.219
\$ 2 M	0.162	0.257	0.399	0.162	0.257	0.390
\$ 3 M	0.209	0.352	0.561	0.209	0.352	0.551
\$ 4 M	0.257	0.437	0.713	0.257	0.437	0.713
\$ 5 M	0.304	0.523	0.865	0.304	0.513	0.855
\$ 6 M	0.342	0.599	1.007	0.342	0.589	1.002
\$ 7 M	0.380	0.675	1.159	0.380	0.665	1.150
\$ 8 M	0.415	0.748	1.302	0.415	0.738	1.295
\$ 9 M	0.449	0.820	1.444	0.449	0.810	1.441
\$10 M	0.485	0.893	1.587	0.485	0.884	1.587
\$11 M	0.512	0.961	1.724	0.512	0.951	1.680
\$12 M	0.536	1.026	1.858	0.536	1.015	1.797
\$13 M	0.556	1.087	1.988	0.556	1.074	1.910
\$14 M	0.572	1.144	2.115	0.572	1.131	2.018
\$15 M	0.584	1.197	2.237	0.584	1.183	2.119
\$16 M	0.593	1.246	2.356	0.593	1.235	2.214
\$17 M	0.598	1.292	2.470	0.598	1.283	2.309
\$18 M	0.601	1.330	2.584	0.601	1.330	2.404
\$19 M	0.605	1.378	2.689	0.605	1.378	2.499
\$20 M	0.607	1.425	2.793	0.607	1.425	2.594
\$21 M	0.609	1.473	2.888	0.609	1.473	2.689
\$22 M	0.611	1.520	2.983	0.611	1.520	2.784
\$23 M	0.613	1.568	3.078	0.613	1.568	2.879
\$24 M	0.615	1.615	3.173	0.615	1.615	2.974
\$25 M	0.618	1.663	3.259	0.618	1.658	3.069

:

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### b. Products / Completed Operations Liability: Excess Liability Rating Factors:

Excess Limit	\$ 1,000,0	00 per occ	urrence /	\$ 1,000,0	00 per occ	urrence /
	\$1,000,00	0 aggregate	e	\$2,000,00	0 aggregat	e
	Table A	Table B	Table C	Table A	Table B	Table C
\$ 1 M	0.124	0.143	0.190	0.124	0.143	0.181
\$ 2 M	0.219	0.247	0.323	0.209	0.247	0.314
\$ 3 M	0.295	0.342	0.437	0.295	0.342	0.428
\$ 4 M	0.371	0.428	0.551	0.371	0.418	0.532
\$ 5 M	0.437	0.504	0.656	0.437	0.504	0.627
\$ 6 M	0.504	0.575	0.751	0.504	0.575	0.722
\$ 7 M	0.570	0.646	0.846	0.570	0.646	0.817
\$ 8 M	0.634	0.713	0.938	0.634	0.691	0.909
\$ 9 M	0.696	0.779	1.029	0.696	0.734	1.000
\$10 M	0.760	0.846	1.121	0.760	0.779	1.093
\$ 11M	0.822	0.909	1.212	0.822	0.836	1.188
\$12 M	0.881	0.969	1.300	0.881	0.884	1.283
\$13 M	0.941	1.025	1.383	0.941	0.945	1.373
\$14 M	0.998	1.077	1.463	0.998	1.007	1.435
\$15 M	1.055	1.126	1.539	1.055	1.069	1.501
\$16 M	1.112	1.169	1.615	1.112	1.121	1.587
\$17 M	1.169	1.216	1.691	1.169	1.188	1.653
\$18 M	1.226	1.254	1.758	1.226	1.235	1.720
\$19 M	1.283	1.292	1.824	1.283	1.302	1.786
\$20 M	1.340	1.349	1.872	1.340	1.359	1.834
\$21 M	1.397	1.406	1.948	1.397	1.416	1.900
\$22 M	1.454	1.463	1.995	1.454	1.473	1.948
\$23 M	1.511	1.520	2.043	1.511	1.530	1.995
\$24 M	1.568	1.577	2.090	1.568	1.587	2.043
\$25 M	1.625	1.634	2.138	1.625	1.644	2.090

TOKIO MARINE AND NICHIDO EXCESS LIABILITY MANUAL
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The following is added to Paragraph B.2.:

Automobile Liab	ility: Excess Liability	Rating Factors:
Excess Limit	\$ 1,000,00	0 per accident
	Compulsory	(No Compulsory
	No-Fault Laws	No-Fault Laws)
\$ 1 M	0.162	0.105
\$ 2 M	0.276	0.171
\$ 3 M	0.371	0.228
\$ 4 M	0.456	0.276
\$ 5 M	0.532	0.314
\$ 6 M	0.599	0.356
\$ 7 M	0.665	0.399
\$ 8 M	0.729	0.430
\$ 9 M	0.791	0.463
\$10 M	0.855	0.494
\$11 M	0.922	0.523
\$12 M	1.009	0.551
\$13 M	1.064	0.581
\$14 M	1.123	0.613
\$15 M	1.178	0.651
\$16 M	1.216	0.689
\$17 M	1.245	0.728
\$18 M	1.312	0.767
\$19 M	1.379	0.774
\$20 M	1.447	0.794
\$21 M	1.505	0.815
\$22 M	1.572	0.845
\$23 M	1.640	0.882
\$24 M	1.700	0.908
\$25 M	1.729	0.941

### 34. MINIMUM PREMIUM PER MILLION OF EXCESS LIABILITY LIMITS

The following is added to Rule 34.

Minimum premiums are the lowest amount for each \$1 million of liability limits for which coverage may be written for a period of one year and apply per policy as indicated below:

First Million \$1,000 Second Million \$500

Third Million \$ 500

Each Additional Million \$ 250

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### 31. DETERMINING THE EXCESS RATING FACTOR

The following is added to Paragraph A.2.:

a. Premises / Operations Liability: Excess Liability Rating Factors:

Excess Limit	\$ 1,000,000 per occurrence /		\$ 1,000,000 per occurrence /			
	\$1,000,000 aggregate		\$2,000,000 aggregate			
	Table 1	Table 2	Table 3	Table 1	Table 2	Table 3
\$ 1 M	0.095	0.143	0.219	0.095	0.143	0.219
\$ 2 M	0.162	0.257	0.399	0.162	0.257	0.390
\$ 3 M	0.209	0.352	0.561	0.209	0.352	0.551
\$ 4 M	0.257	0.437	0.713	0.257	0.437	0.713
\$ 5 M	0.304	0.523	0.865	0.304	0.513	0.855
\$ 6 M	0.342	0.599	1.007	0.342	0.589	1.002
\$ 7 M	0.380	0.675	1.159	0.380	0.665	1.150
\$ 8 M	0.415	0.748	1.302	0.415	0.738	1.295
\$ 9 M	0.449	0.820	1.444	0.449	0.810	1.441
\$10 M	0.485	0.893	1.587	0.485	0.884	1.587
\$11 M	0.512	0.961	1.724	0.512	0.951	1.680
\$12 M	0.536	1.026	1.858	0.536	1.015	1.797
\$13 M	0.556	1.087	1.988	0.556	1.074	1.910
\$14 M	0.572	1.144	2.115	0.572	1.131	2.018
\$15 M	0.584	1.197	2.237	0.584	1.183	2.119
\$16 M	0.593	1.246	2.356	0.593	1.235	2.214
\$17 M	0.598	1.292	2.470	0.598	1.283	2.309
\$18 M	0.601	1.330	2.584	0.601	1.330	2.404
\$19 M	0.605	1.378	2.689	0.605	1.378	2.499
\$20 M	0.607	1.425	2.793	0.607	1.425	2.594
\$21 M	0.609	1.473	2.888	0.609	1.473	2.689
\$22 M	0.611	1.520	2.983	0.611	1.520	2.784
\$23 M	0.613	1.568	3.078	0.613	1.568	2.879
\$24 M	0.615	1.615	3.173	0.615	1.615	2.974
\$25 M	0.618	1.663	3.259	0.618	1.658	3.069

### b. Products / Completed Operations Liability: Excess Liability Rating Factors:

Excess Limit	ss Limit \$ 1,000,000 per occurrence / \$ 1,000,000 per occurrence /					
	\$1,000,000 aggregate			\$2,000,000 aggregate		
	Table A	Table B	Table C	Table A	Table B	Table C
\$ 1 M	0.124	0.143	0.190	0.124	0.143	0.181
\$ 2 M	0.219	0.247	0.323	0.209	0.247	0.314
\$ 3 M	0.295	0.342	0.437	0.295	0.342	0.428
\$ 4 M	0.371	0.428	0.551	0.371	0.418	0.532
\$ 5 M	0.437	0.504	0.656	0.437	0.504	0.627
\$ 6 M	0.504	0.575	0.751	0.504	0.575	0.722
\$ 7 M	0.570	0.646	0.846	0.570	0.646	0.817
\\$ 8 M	0.634	0.713	0.938	0.634	0.691	0.909
\$ 9 M	0.696	0.779	1.029	0.696	0.734	1.000
\$10 M	0.760	0.846	1.121	0.760	0.779	1.093
\$ 11M	0.822	0.909	1.212	0.822	0.836	1.188
\$12 M	0.881	0.969	1.300	0.881	0.884	1.283
\$13 M	0.941	1.025	1.383	0.941	0.945	1.373
\$14 M	0.998	1.077	1.463	0.998	1.007	1.435
\$15 M	1.055	1.126	1.539	1.055	1.069	1.501
\$16 M	1.112	1.169	1.615	1.112	1.121	1.587
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\$ 9 M	0.791	0.463			
\$10 M	0.855	0.494			
\$11 M	0.922	0.523			
\$12 M	1.009	0.551			
\$13 M	1.064	0.581			
\$14 M	1.123	0.613			
\$15 M	1.178	0.651			
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\$17 M	1.245	0.728			
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\$20 M	1.447	0.794			
\$21 M	1.505	0.815			
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\$23 M	1.640	0.882			
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